the Development Bank, carry on banking business. The company, however, is yet to be registered.

(b) if IDBI becomes a Banking Company under the Banking Regulation, Act, 1949 IDBI would be in a position to lower its cost of funds, raise adequate resources, have a diversified lending portfolio and earn more fee based income. With this, IDBI would be in a position to continue to provide project finance to the industry, which would otherwise become difficult due to problems in raising resources.

(c) The issue of opening of more branches will be considered by IDBI only after the conversion of IDBI into a banking company is effected consequent upon the formation of the company and its registration under the Companies Act, 1956.

Moratorium on Global Trust Bank

1400. SHRI R.P. GOENKA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Global Trust Bank has been placed under a three month moratorium;

(b) if so, the details thereof and scheme drawn up, if any, to protect the interests of the depositors; and

(c) the details of the steps taken to review the regulation and reporting norms to make the banking system more transparent as also to check erosion of confidence in the rest of the private banking industry?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Yes, Sir. Global Trust bank was placed under moratorium on 24th July, 2004 by Government on the recommendation of Reserve Bank of India for a period of three months. However, a scheme of amalgamation of Global Trust bank with Oriental Bank of Commerce has been notified on 13th August, 2004 lifting the moratorium.

(b) The details of the scheme are given in the Statement (*See* below)

(c) In order to avoid recurrence of such failures and to protect banking in private sector, RBI has taken several steps which *inter-alia* include introduction of off-site monitoring system and strengthening of the supervisory framework/Risk Based Supervision for banks, introduction

of capital adequacy standards on the lines of the Basel norms, prudential norms on asset classification, income recognition and provisioning, introduction of valuation norms and capital for market risk for investments, enhancing transparency and disclosure requirements for published accounts, aligning exposure/Capital market Exposure norms, and introduction of a framework for prompt corrective action.

Statement

Details of Amalgamation scheme of GTB

(a) The business, properties, assets and liabilities of Global Trust Bank GTB shall stand transferred to Oriental Bank of Commerce (OBC);

(b) All contracts, deeds, bonds, agreements, powers of attorney etc. having effect immediately before the date of amalgamation, shall be effective and may be acted upon as if OBC had been a party thereto or as if it had been issued in favour of GTB;

(c) OBC shall, in consultation with GTB, value the assets and reckon the liabilities of GTB in the manner prescribed in the Scheme. OBC shall discharge the liabilities of GTB and make payment to the creditors and depositors in the manner specified in the Scheme. As regards payment to depositors, the Draft Scheme, *inter-alia*, provides that in respect of every savings bank account, current account or any other deposit account, including the interest to the extent payable under the scheme, the transferee bank shall open with itself a corresponding and similar account and credit the full amount including interest in respect of each of the accounts;

(d) Till payment in full against all the accounts has been made, no payment will be made to shareholders. Thereafter, payment in the first instance will be made, if due, to the accounts of the former preference shareholders of the transferor bank. After this if there is any surplus left, amount will be distributed among the former ordinary shareholders of the transferor bank on pro-rata basis:

(e) All the employees of GTB shall continue in service and be deemed to have been appointed in OBC at the same

remuneration and on the same terms and conditions of service as were applicable to them before the amalgamation.

(f) Any suit, appeal or other legal proceedings of whatever nature by or against the transferor bank is pending, the same shall not abate, be discontinued or be in any way prejudicially affected, but shall, subject to the other provisions of the scheme, be prosecuted and enforced by or against the transferee bank.

(g) In case of contravention of any the provisions of any act or of any rule, regulation, direction or order made there under has been committed by, or any proceeding for a criminal offence has been instituted against, a director or secretary, manager, officer or other employee of the transferor bank before the prescribed date, such director, secretary, manager, officer or other employee shall, without prejudice to the application of section 6 of the General Clauses Act, 1897, be liable to be proceeded against under such law and punished accordingly as if the transferor bank, being a banking company had not been dissolved.

ADB Aid to Rural Sector

1401. SHRI EKANATH K. THAKUR: Will the Minister of FINANCE be pleased to state:

(a) Whether it is a fact that the Asian Development Bank (ADB) has decided to double its sanctions for the development of the rural sector for 2005-2007 at Rs. 11,500 crore; and

(b) if so, whether a large chunk of the amount will be used to completion of various projects under Accelerated Irrigation Benefits Programme (AIBP)?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) The recent Country Strategy and Programme Mission 2005-07 of the Asian Development Bank (ADB) has proposed a tentative provision of Rs. 6960 crore which includes support, *inter alia*, to agribusiness, irrigation and rural roads.

(b) A project on 'Integrated Irrigation Development' of an amount of US $300 million to support Government's Accelerated Irrigation Benefits